

**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

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**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

State Capitol, Room 113  
Sacramento, CA

Minutes of Meeting  
January 11, 2007

**COMMISSIONERS PRESENT**

Cathie Bennett Warner, Chair  
Michele Burton, M.P.H.  
Wilma Chan  
Diane Griffiths  
Nancy McFadden

**COMMISSIONERS ABSENT**

Vicki Marti

**CMAC STAFF PRESENT**

Keith Berger, Executive Director  
Tacia Carroll  
Paul Cerles  
Denise DeTrano  
Holland Golec  
Katie Knudson  
Marilyn Nishikawa  
Becky Swol  
Michael Tagupa  
Mervin Tamai  
Karen Thalhammer

**EX-OFFICIO MEMBERS PRESENT**

Toby Douglas, Department of Health Services  
Thomas Williams, Department of Finance

**I. Call to Order**

The January 11, 2007 open session meeting of the California Medical Assistance Commission (CMAC) was called to order by Chair Cathie Bennett Warner. She began by welcoming CMAC's newest Commissioner, Wilma Chan to the Commission. A quorum was present.

**II. Approval of Minutes**

The December 7, 2006 meeting minutes were approved as prepared by CMAC staff.

### **III. Executive Director's Report**

Keith Berger, Executive Director, began his report by welcoming the Commissioners back to CMAC's first meeting of 2007, and expressing his hope that everyone had an enjoyable holiday.

Mr. Berger also offered a special welcome to CMAC's new Commissioner, Wilma Chan. He said CMAC was pleased to have her on the Commission, and looked forward to working with her.

For the record, Mr. Berger expressed his appreciation for the commitment and passion of Commissioner Hughes during her extended tenure on the Commission. He said CMAC will miss her presence, and wished her well.

Again, for the record, Mr. Berger reminded the Commissioners that at the last meeting he announced that Stan Rosenstein of the California Department of Health Services (CDHS) was leaving State service. Mr. Berger said he knew that the Commissioners were already aware of this, however, he was glad to officially report that Mr. Rosenstein has been convinced to stay and will continue to head the Medi-Cal Program, ably assisted by Toby Douglas.

Continuing his report, Mr. Berger said that since the last CMAC meeting, a number of broader health care reform proposals have been presented by legislative leadership, and earlier this week, by the Governor. The proposals focus on a variety of ways of expanding and funding health coverage to reduce or eliminate the number of uninsured children and adults in California. More proposals are expected later this month. He said this is the beginning of significant discussions that will be taking place in upcoming months. Staff will attempt to keep Commissioners apprised of those proposals and discussions. Mr. Berger asked Toby Douglas, CDHS, to make a couple brief comments on the Governor's proposal in his report.

Mr. Berger noted that the Governor's budget was released yesterday, and asked Mr. Thomas Williams from the Department of Finance to provide a brief overview of some health-related highlights. Mr. Williams graciously agreed to do so.

Tom Williams provided an update on the Governor's Budget for 2007-08. He noted that the Governor's Budget includes \$37.4 billion (\$14.6 billion General Fund) for Medi-Cal, which is an increase of \$1.9 billion (\$1 billion General Fund) or 5.1% compared to the revised current year estimate. He explained that the increase was due to higher enrollment and cost per person, and that enrollment was up 107,000 people or 1.6% over last year compared to a 2.5% growth in State population over the same period. Mr. Williams pointed out that although California had nearly 18% of their population on Medi-Cal, which was second only to New York at 20.5%, California only spent \$5,625 per beneficiary compared to the national average of \$7,220.

Mr. Williams then provided the budget funding levels and increases for the Managed Care Plans and Hospital Financing and noted that the increase in Hospital Financing was primarily due to the inclusion of stabilization funding associated with the implementation of the new hospital waiver. He also noted that the Governor's Budget included funding and positions in the Department of Public Health's Licensing and Certification Program to implement two pieces of legislation chaptered this year which impacted hospital operations. These were SB 1301 related to the reporting of and follow-up on adverse events and hospitals, and AB 774 (authored by then Assembly Member Chan) which ensures that hospitals apply fair pricing to uninsured and underinsured patients.

At the conclusion of his presentation, Mr. Williams asked if the Commissioners had any questions. Commissioner Griffiths asked Mr. Williams if the Governor's Budget contained any funding or positions for Biomonitoring. Mr. Williams informed her that there was \$1.2 million General Fund and 2.8 positions for the Department of Public Health to begin implementation of an environmental contaminant biomonitoring program in conjunction with the California Environmental Protection Agency and the Department of Toxic Substances Control.

Commissioner Chan inquired about Medi-Cal recipients having to show proof of citizenship before receiving aid, and its impact on the Medi-Cal population.

Mr. Douglas, CDHS, updated Commissioner Chan that CDHS is currently working with stakeholders, counties, Centers for Medicare and Medicaid Services (CMS), and even other states to receive feedback on ways of implementation. Their goal is to make it as easy as possible for beneficiaries to comply with the federal regulations, but no official guidelines have been implemented. Mr. Douglas noted that CDHS plans to start with a database containing as many birth records as possible on current beneficiaries, to make it easier for them when the time comes to re-apply.

Mr. Berger continued his report by giving the Commissioners a brief summary of the discussion that took place among state, hospital and legislative staff regarding the first year of the hospital waiver.

Mr. Berger noted that overall, the discussion appeared to be useful to those in attendance who have not been directly involved in the implementation of the waiver. He said the discussion focused primarily on the Designated Public Hospitals and the certified public expenditure process, as well as stabilization funding issues, especially the concerns for years three through five of the waiver.

Mr. Berger said that regarding CMAC specific issues, the public and private DSH hospitals felt they received limited consideration in the Distressed Hospital Fund process. He said he explained that difficult decisions had to be made, and CMAC did its best to allocate a limited amount of funds as fairly and equitably as possible. He emphasized that all SPCP contract hospitals had an opportunity to submit proposals and all proposals were given full and fair consideration, as they would in any future Distressed Hospital Fund process.

Also discussed with the group, said Mr. Berger, was the timing of private hospital supplemental fund negotiations and payments that occurred last year. He said everyone seemed appreciative that CMAC is committed to moving the supplemental fund timeframes up this year. He noted that CMAC has already begun negotiations for Rounds A and B prior to issuance of the tentative and final Disproportionate Share Hospital (DSH) eligibility lists, to speed up the process when the lists are released. CMAC was happy to work with the pending eligible private safety net hospitals to help facilitate these process changes.

Mr. Berger concluded his report by informing the Commissioners that there are eight amendments and contracts before them for review and action in today's closed session, as well as several key negotiation updates.

#### **IV. Department of Health Services (CDHS) Report**

Toby Douglas, Assistant Deputy Director, Medical Care Services, CDHS, updated CMAC briefly on the Governor's recent Health Care reform proposal. He noted that the reform emphasizes the need for coverage of all Californians, and the need for affordability. Medi-Cal, he said, is a fundamental component of this proposal, and CDHS will be working closely with the Administration and Legislature.

Mr. Douglas informed the Commissioners that the 2006-07 Final DSH list would be released in the next couple of weeks.

The next update from Mr. Douglas was regarding the Health Care Coverage Initiative as part of the hospital financing waiver. He said that the final due date for applications from the Counties, or Consortium of Counties, is today at 5pm. The complete applications will be evaluated for final approval and scheduled to receive funds in March.

Regarding the third component of the State Plan Amendments (SPA) relating to the hospital financing waiver, Mr. Douglas reported that CDHS has received the outstanding final data from public hospitals, including the University of California system, on how costs will be accounted for outside the in-patient per diem rate. CDHS is now able to submit this information to the Centers for Medicare and Medicaid Services (CMS). He noted that once the SPA is approved, the allocation of funds to public hospitals can then be determined. Baseline and stabilization funds under the waiver can also be determined once the SPA is approved.

Concluding the CDHS report, the Commissioners asked Mr. Douglas if the Administration knew of any potential impact the Governor's new proposal may have on CMAC. Mr. Douglas stated the impact on CMAC is unknown at this time as the Governor's new proposal includes many broad concepts that need to be considered. Issues that may relate to CMAC and other programs will be discussed as implementation details are developed as part of the budget process.

**V. New Business/Public Comments/Adjournment**

There being no further new business and no comments from the public, Chair Cathie Bennett Warner recessed the open session. Chair Bennett Warner opened the closed session, and after closed session items were addressed, adjourned the closed session, at which time the Commission reconvened in open session. Chair Bennett Warner announced that the Commission had taken action on hospital and managed care contracts and amendments in closed session. The open session was then adjourned.